



**STATEMENT OF ALTICE USA REGARDING RAISED BILL 278 – AN ACT  
CONCERNING THE ESTABLISHMENT OF A FEE PAID BY MULTICHANNEL VIDEO  
PROGRAMMING DISTRIBUTORS TO COMPANIES OR ORGANIZATIONS  
RESPONSIBLE FOR COMMUNITY ACCESS PROGRAMMING**

**March 8, 2022**

Altice USA, Inc. (Altice) thanks Chairs Needleman, Arconti, Ranking Members Formica, Ferraro; and esteemed Members of the Energy & Technology Committee for this opportunity to submit testimony regarding this legislation and the issue of Community Access Fees in Connecticut.

Altice is proud to provide cable television, broadband, voice and other services to residential and small business customers in 21 states, including its approximately 400,000 Optimum Connecticut customers across 24 communities in Fairfield, New Haven, and Litchfield Counties. Altice has made the State of Connecticut a focus of our investment – making a 1 Gig broadband product available to all customers passed by the Optimum CT network; offering income-eligible broadband products to low-income customers, including the FCC’s Affordable Connectivity Program providing an up to \$30 monthly broadband benefit<sup>1</sup> and our \$14.99 Optimum Advantage Internet product recently upgraded to 50 Mbps; and we are actively constructing a future-proof, all fiber-to-the-home network in Connecticut capable of symmetrical multi-Gig speeds.

Altice respectfully submits that, rather than *expand* the Community Access Fee in the manner proposed by Raised Bill 278, the Legislature should *eliminate or reduce* the Community Access Fee to lower customer cable bills, reflect expressed customer preferences for alternatives to Community Access Programming, and to mitigate legal concerns with the legislation.

***I. Community Access Fees Should Be Eliminated to Reduce Cable Television Costs for Connecticut Customers***

Community Access Fees<sup>2</sup> are an unnecessary tax that should be eliminated, or reduced, at a time when inflation is putting significant pressure on Connecticut’s residents. Community Access is paid for by cable subscribers – your constituents – through assessments over and above the 5% Gross Earnings Tax on cable revenues mandated by Conn. Gen. Stat. §12-258(c). These additional fees needlessly increase cable subscribers’ monthly bills, and are doing so at a time when escalating fee demands by programmers are already putting upward pressure on retail cable rates.

In response to rising programming costs, Altice has taken a “customer first” approach that facilitates customer access to video, whether through an affordable video service package or

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<sup>1</sup> <https://www.optimum.com/affordable-connectivity-program>

<sup>2</sup> See Conn. Gen. Stat. 16-331a(k); Conn. Agencies Regs. § 16-331a-8. See also Conn. Gen. Stat. § 16-331cc(c)(1). Increases to standard video rates are, in our view, driven primarily by the rising cost of securing programming – particularly sports and broadcast.

through a third party, non-cable Over-the-Top (OTT) source.<sup>3</sup> Given rising cable rates, this Committee should look critically at whether additional regulatory fees imposed on cable subscribers, such as the Community Access tax assessments, are warranted.

## ***II. The Demand For, and Use of, Community Access Services Has Declined Dramatically, Reflecting the Widespread Availability of Alternative Platforms***

In today's saturated broadband and video market, only a small percentage of people actually use or view Community Access channels. In recent years, approximately 6% of Optimum's Connecticut cable television subscribers tuned into Community Access channels for any length of time. *By contrast, News12 Connecticut, a local nightly news channel, received more than five times that number of viewers each week, on average.* Production of new Community Access content similarly declined by approximately 33%, and only a limited number of entities still use Community Access studios to produce content.<sup>4</sup>

Community Access Fees were designed, and implemented, at a time when the cable industry looked very different. Companies operated in distinct franchise areas and there were fewer options for customers. Surely, one important factor in the waning interest in/use of Community Access is the ubiquity of alternate platforms for individuals and organizations to reach broad audiences at no cost (e.g., streaming platforms, social networks, mobile devices, and related applications). Today, an individual with a smart phone and a broadband connection can choose from numerous social media platforms to disseminate their message.<sup>5</sup>

Subscribers should not be singled out to support the public policy goal of providing Community Access Channels when there are a multitude of other options out there.

## ***III. Increased Community Access Support is Unnecessary Due to Technological Advancements That Have Reduced the Cost of Administering Community Access***

As a result of technology evolutions, the cost of administering community access programming has greatly declined – reducing the need for fees on cable subscribers. As an example, in the fall of 2017, Altice implemented TelVue, an automated scheduling and programming system to streamline channel operation by enabling Community Access users to upload and schedule their own programming. In light of Altice's successful implementation of these operational efficiencies with no complaints, expanding the fee to video streaming or broadband customers of multichannel

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<sup>3</sup> As an example, the Altice One product integrates Netflix, YouTube, and other OTT offerings, and Altice recently launched Stream – a new 4K device offering access to thousands of apps and streaming services on Google Play and over 50 free live streaming channels – for \$5/month to Optimum broadband customers

<sup>4</sup> Although due to the pandemic Altice had to close its Connecticut Community Access studios beginning in March 2020 and require all providers to upload their content, the vast majority of providers were already producing their content outside Altice's studios. In 2019, 84 total entities provided content for the Company's community access stations in Connecticut – only 21 of whom used our studios. This demonstrates a reduced need for support to community access studios in light of the ability of providers to self-produce their content due to improvements in technology. These figures, alongside the fact that providers are able to self-produce their content due to technology improvements, demonstrates a reduced need for support for Community Access studios.

<sup>5</sup> Indeed, both YouTube and Facebook have ample opportunities for Community Access producers and viewers to share content.

video is not warranted. Indeed, in those areas where Altice collects a Community Access Fee and provides Community Access, it had a revenue surplus in recent years – *this is because Community Access costs are falling while the fee collection mandate has remained too high for too long.*

#### ***IV. Raised Bill 278 is Discriminatory and Raises Significant Legal Concerns***

Moreover, Raised Bill 278 should not be adopted because, as written, the legislation is discriminatory and would not apply fairly to all actors who provide streaming video and internet access services. Since 2015, the percentage of U.S. households subscribing to cable or satellite has fallen by 20 percent, and a majority of these households previously had cable subscriptions.<sup>6</sup> Cable operators face intense competition from alternative, unregulated video providers, including popular over-the-top streaming services like Netflix, Hulu, Peacock, and Disney+. Nevertheless, Raised Bill 278 proposes to extend Community Access Fees to the streaming video and internet access customers of multichannel video programming distributors while entirely omitting these Edge Providers – which will only further exacerbate the competitive imbalance in the video marketplace. The legislation also omits other communications providers that offer connectivity supporting streaming video and broadband access over wired and wireless networks.

Further, the proposal amounts to State regulation of the price of broadband, which the FCC's Restoring Internet Freedom (RIF) Order clearly preempts.

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For all the above reasons, Altice respectfully proposes that the Committee decline to adopt Raised Bill 278, and instead consider the elimination or reduction of existing Community Access Fees currently imposed on cable television subscribers.

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<sup>6</sup> Pew Research Center, Cable and Satellite TV Use Has Dropped Dramatically in the U.S. Since 2015, March 17, 2021. <https://www.pewresearch.org/fact-tank/2021/03/17/cable-and-satellite-tv-use-has-dropped-dramatically-in-the-u-s-since-2015/>